

IRS Reaffirms Decision That Ex-Wisconsin FedEx Ground Driver Was Not an Independent Contractor

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WASHINGTON, July 20 /U.S. Newswire/ -- The Internal Revenue Service has reaffirmed its earlier decision that a FedEx Ground driver is an employee of the company and not an independent contractor, as FedEx claimed. As a result, the driver should have not been liable for Social Security and other employment taxes the government requires a true independent contractor pay, according to the final decision the IRS issued July 12.

The decision in the worker-status case involving the Form SS-8 filing of Sharon Pagels, the former FedEx Ground Driver, of Port Washington, Wisconsin, could have far reaching consequences for the company, according to Lynn Rossman Faris, Esq., the Oakland, California-based attorney who is lead counsel nationally in the 35 consolidated cases challenging FedEx's claim that its drivers are independent contractors.

"FedEx repeatedly claims in its PR and legal filings the IRS blessed its "independent contractor" arrangement," she explains. "But the previous IRS position was based only on information provided by FedEx. This decision shows that after hearing the driver's side, IRS rejected the company's arguments. The IRS now understands why this driver and, for the same reasons, upwards of 15,000 other drivers, are really FedEx employees. The record show that for years FedEx has been cheating on its taxes by refusing to pay its portion of payroll taxes as do its competitors. Instead, FedEx makes the drivers pay double the taxes they should pay and cuts its prices on the backs of its drivers."

"Any government agency or court that looks carefully at what FedEx does -- instead of just what it says --will reach the same inescapable conclusion as the IRS," says Faris. "The drivers dress like employees, deliver packages like employees, and are treated like employees, because they are employees."

Pagels, in reacting to the decision, says, "FedEx always treated me like an employee, except when it came to paying payroll taxes and giving me the benefits and rights other employees have in America. I look forward to the day when justice will be served for all of those who have been the victim of this sham."

FedEx Group, a subsidiary of FedEx Corporation (NYSE:FDX - news), is presently the subject of numerous legal proceedings, including a class action lawsuit brought by present and former drivers who were misclassified as independent contractors. Since December 2005, FedEx Ground has been found liable for nearly \$100 million by courts and/or government agencies based on its employment practices relative to its drivers. For more information, visit <http://www.fedexdriverslawsuit.com>

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